

# Corporate Governance Document and Information Request List for Family or Founder-Owned Unlisted Companies

Incoming Monthly





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## Document Request

*To prepare a Corporate Governance Assessment (CGA), please provide the company documents noted below, as applicable, in English. If requested documents are currently being developed, such as for greenfield operations or newly acquired operations, please provide draft or specimen versions.*

- 1. Ownership Structure:** A chart setting out the important shareholdings, holding companies, affiliates and subsidiaries of the company, indicating ultimate beneficial ownership and percentages of shares held by each.
- 2. Governance Structure:** Chart setting out the governance structure of the company, indicating the principle organs of the company's governance and to whom each report; shareholders' assembly or general meeting; board of directors; any board committees; senior management; internal audit; external audit; and principal management units.
- 3. Corporate Documentation:** The company's charter and governing documents, including Corporate Governance Code, Code of Ethics, Conflict of Interest Policy, and other written policies, codes, or manuals that set out the company's approach to governance; roles of its governance bodies; responsibilities and composition of the board, including copies of policies or bylaws relating to the practices of the board of directors, charters/terms of reference (TORs) for board committees, and outline of current membership of committees established; disclosure and transparency practices; and treatment of minority shareholders.
- 4. Current Board and Senior Management:** List of the current members of the board as well as senior management, with summary CVs

indicating, at a minimum, the name; position(s) currently held in the company; position(s) currently held in other companies; affiliations with the company, management, and controlling shareholders, and other companies on which such persons sit as board members; age and qualifications; and shareholder agreements or provisions of company's charter that specify which shareholders appoint directors.

- 5. Shareholder Agreements:** Details of any shareholders' agreements or other informal arrangements among all or some shareholders.
- 6. Family Governance Documentation:** (a) a family tree and accompanying explanation indicating the name, residence, occupation, birth date and share ownership of each family member; (b) any written family constitution (or protocol) or any other policies concerning family-member employment or family share ownership.
- 7. Management Succession Plan:** (or outline of main principles on succession).
- 8.** A summary of any rules and procedures regarding the review of conflicts of interest and related party transactions; and a table of related party transactions reviewed by the board or committees of the board over the past three years.
- 9. Internal Control, Internal Audit, Risk Management and Compliance Policies:** Policies on internal control, internal audit (for example, an internal audit charter), and risk management; and TORs for the chief of internal control and chief risk officer. Details of the compliance program; compliance register; and TORs for the chief compliance officer and chief ethics officer.

- 10. Management Letters from the external auditor for the past three years.**
- 11. Information Disclosure Policy.**
- 12. A timetable for the annual general shareholder meeting.**
- 13. A summary of the attendance and results of all shareholders' meetings (annual and extraordinary) for the past three years, including the shareholders represented, agenda items and record of votes.**
- 14. Policy on Related-Party Transactions** and list of transactions that required shareholder and/or board review and approval in the past three years.
- 15. A timeline of major transactions and material events for the past five years (in particular, corporate acquisitions, mergers, restructurings, and sales or purchases of major assets).**
- 16. Dividend Policy:** The company's formal policy on declaring and distributing dividends.

## Information Request

*Please provide the additional information noted below, as applicable, in English. If requested policies and procedures are currently being developed, please provide information on the company's expected plans and timeline for implementation.*

### A: Commitment to Corporate Governance

- 1. Ownership Structure:** A chart setting out the important shareholdings, holding companies, affiliates and subsidiaries of the company, indicating ultimate beneficial ownership and percentages of shares held by each.

2. **Company Corporate Governance Code:** Does the company have a corporate governance code (or “policy” or “guidelines”) that outlines the governance practices of the company and, in particular, the role of the board? What are the company’s procedures for monitoring its compliance with the corporate governance code? Who in the company is primarily responsible for ensuring that the company complies with policies regarding corporate governance? Does the company periodically disclose the extent to which it is complying with its corporate governance policies and procedures?
3. **Succession planning:** What has been the history of succession of the chief executive officer? How much longer does the current chief executive intend to remain in this position? Has a successor been identified and agreed upon by the family?
4. **Family tree and share ownership:** Which family members are currently employed or are likely to be employed by the company or its subsidiaries in the foreseeable future? Which generation of the family has effective control of the company (founder, siblings, cousins or later generations)?
5. **Family shareholding blocks:** Is there an informal arrangement or formal shareholders’ agreement that aggregates the family members’ shareholdings into one or more shareholding blocks? Are the family’s shareholdings owned by intermediary entities, such as one or more family trusts, foundations or holding companies, or do individual family members own the shares separately?
6. **The next generation:** When the current generation reaches retirement, is the next generation expected to continue to manage the company? Does the family have plans for how to prepare

the next generation of the family for working in the company? How will family members be selected to work in the company or will all family members have the right to work in the company?

## **B: Structure and Functioning of the Board of Directors**

1. **Composition of the Board:** How is the composition of the board determined? Are there any shareholder agreements or provisions of the company’s charter that specify which shareholders nominate directors? Are there any informal understandings? Does the board include non-family members? Are these non-family members independent of the controlling family, of other significant shareholders and of the senior management? How, if at all, does the company define “independent” with regard to board members? What compensation do independent (and other) directors receive for their services?
2. **Agenda and minutes:** Is an agenda prepared and distributed in advance of board meetings? Are minutes prepared and approved after the board meetings?
3. **The Board and the Management Team:** Are senior managers members of the board or do they, in any case, routinely attend board meetings? If so, does the board regularly hold “executive sessions” without the presence of management?
4. **Audit and other standing committees:** Does the board of directors have an audit committee or other standing committees, such as nomination, compensation or conflicts of interest? How are these committees established? Do they have written terms of reference? Who sits on these committees, and how do they function?

5. **Board evaluation:** Does the board conduct self-evaluations or other reviews of its effectiveness? How are such reviews conducted and with what frequency?
6. **The board and the family:** What is understood as the role of the board vis-à-vis the family?
7. **Advisory board:** If the board of directors does not include outside members, or if no board of directors exists, does the company have an advisory board of independent professionals that is consulted on a regular basis? If such advisory board exists, who are its members and how were they selected?
8. **ESG Oversight by Board:** Does the board formally approve ESG strategy and E&S policies adopted by the company? Does the board ensure that management systems are in place to identify and manage E&S risks and impacts, and if so, how is this done? Describe the extent and frequency of training offered to the board on ESG risk issues. Do individual board members have sufficient experience in evaluating E&S issues? What is the frequency of inclusion of ESG issues on the board meeting agenda (over the past three years)?

## **C: Control Environment: Internal Control Systems (IC), Internal Audit Function (IA), External Audit (EA), Risk Governance, and Compliance**

1. **Internal Control System:** Describe how the company’s IC (operational, financial, and for the company’s highly automated systems) are developed and implemented. Are the existing controls documented and the documentation reviewed periodically? Do the board and management appropriately consider control issues when planning new strategies, activities, and products? Does the external auditor report on



the adequacy of the company's IC? Are there areas of IC deficiency reported repeatedly by the external auditors? Are the controls risk-based? Does the company undertake self-assessments of IC?

2. **Internal Audit Function:** How often does the IA chief privately meet with the board and/or with the audit committee? Does IA have any operational responsibilities in addition to its audit role? Are the internal auditors rotated periodically to different areas of audit responsibility? Have IA staff reported any conflicts of interests, and if yes, how have these been handled? Are IA work plans and audits conducted in accordance with local or international standards? Does the board monitor management's response to deficiencies and weaknesses identified by the IA? Are internal audits risk-based? Describe the (operational and financial) competencies and skills of the IA staff. Does the board/audit committee review the resources available to IA? What has been the turnover in IA over the last three years? Does IA conduct IT audits? Has IA undergone a quality assessment within the last five years? Is IA or any of its work outsourced, and what is the company's policy regarding the selection of IA service providers? Does the provider have any association with the external auditor and/or are there any other services provided to the company?
3. **External Audit:** What is the company's policy for the selection of external auditors? What other services does the external auditor perform for the company? How does the board ensure that the management takes appropriate measures to address deficiencies identified in Management Letters?

4. **Risk Management:** Who is responsible for developing and implementing the risk management system? Does the company have a dedicated chief risk officer (CRO)? Does the CRO report directly to the board, or elsewhere? How are the risks identified and risk appetite set? Does the board periodically review the risk management systems? Do strategy and risk management include or fully integrate E&S issues and risks?
5. **Compliance Program:** Does the company have a dedicated chief compliance officer (CCO)? To whom does the CCO/function report? How is the quality of and compliance with the code of ethics considered within the scope of the enterprise risk management system of the company? What best practices/framework is the compliance program based on? Does the compliance function maintain a compliance register? What type of compliance training does the compliance program deliver to employees?

#### D: Transparency and Disclosure

1. **Review of Financial Statements:** Does the board/audit committee review audit adjustments proposed by the external auditors? Is the board/audit committee made aware of any changes made to accounting policies and their impact on the current financial statements? Does the board/audit committee review major accounting estimates and major assumptions made in the financial statements with the external auditors? Is the board/audit committee briefed on planned changes to accounting and regulatory rules that may have an impact on the financial statements in the next two years, including any changes in IFRS and/or ISA?

2. **Shareholders Agreements:** Are shareholders agreements with or among the controlling shareholders disclosed to all shareholders? Are shareholders agreements registered with the securities regulator?
3. **Disclosure of Major Transactions and Material Events:** What is the procedure for drafting and approving disclosure of major transactions and other material events? What limits and thresholds have been adopted to disclose and seek approval for related-party transactions?
4. **Nonfinancial Reporting:** Does the company make meaningful periodic reports on its ESG data and performance, in line with minimum national reporting requirements (if any)? What ESG/sustainability reporting standards does the company adhere to in addition to national requirements?
5. **Disclosure to interested parties:** How does the company ensure that all financial stakeholders of the same class (e.g., the controlling family, minority shareholders and lenders) are treated equally with respect to the access to financial statements and other information on the company; and that they have equal access to the same sets of accounts? How does the company ensure equitable treatment of all shareholders in the release of financial and non-financial information, including company strategy?

#### E: Treatment of Minority Shareholders

1. **Ultimate beneficial ownership:** Does the company keep a record of *ultimate beneficial* owners of all shareholdings, which is disclosed to all shareholders?

2. **Differentiated classes of equity and quasi-equity securities:** Please outline the principal terms of, and differences in voting rights and cash flow rights between the company's various classes of equity and quasi-equity securities. Are there any "founder shares"? What are the characteristics of these?
3. **Shareholders' meetings:** Does the company have an annual general shareholders' meeting? When is the agenda provided? Are all shareholders provided with all material information in advance of shareholders' meetings? How can minority shareholders add items to the agenda? Under what circumstances does the company hold extraordinary shareholders' meetings?
4. **Changes of control:** What would be the treatment of minority shareholders in the event of a change of control of the company? Are there tag-along rights for minority shareholders that require the new controller to make an offer to purchase their shares at the same price and conditions?
5. **Transfer of shares:** What are the company's policies with respect to the sale and transfer of

shares, either by the family shareholders or by the minority shareholders?

6. **Family Council:** Are there formal or informal mechanisms for coordinating the participation of family-member shareholders in the governance of the company? If the number of family members is large or if a substantial proportion of the family members are not working in the business, has a family council been established?

## F: Governance of Stakeholder Engagement

1. **Stakeholder Identification:** Describe the stakeholder identification process.
2. **Stakeholder Relationships and External Communication:** Who or what department/unit is accountable for stakeholder relationships and external communication, and what is their reporting line to management and the board? Is there a senior executive responsible (if so, who)?
3. **Strategy and Target Setting:** Does the company integrate stakeholder engagement into strategy and target setting?
4. **Board Decision Making:** Are stakeholder engagement activities and outcomes included in board decision making?
5. **Communication with Stakeholders:** How does the company communicate its commitment to stakeholder engagement to staff, contractors, and primary suppliers?
6. **Grievance Mechanisms:** Is there an HR policy/procedure for worker engagement and a grievance mechanism for workers? Is there a grievance mechanism for dealing with Affected Communities? Please describe. How are stakeholder issues resolved?
7. **External Communications Mechanism:** Is there an External Communications Mechanism? If so, is it externally and publicly available?
8. **Affected Communities Engagement:** Do personnel designated to engage with Affected Communities have clearly defined responsibilities, training, and reporting lines to senior management and the board?
9. **International Standards:** Has the company implemented any international standards related to stakeholder engagement (AA 1000 Standards on Stakeholder Engagement and Accountability Principles and ISO 26000)?



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